

Stone Family Foundation: Water and Sanitation Portfolio

What we do and priorities for 2019



Guiding principles



These principles summarise our philosophy and funding approach, and inform what and how we fund:

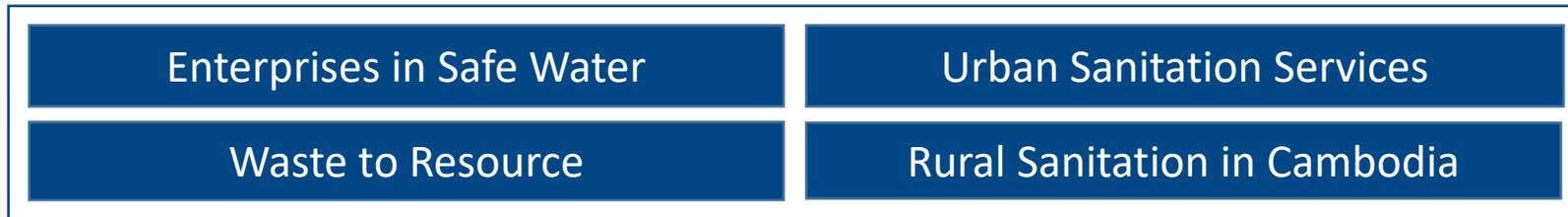
1. We believe low-income households should be treated as customers, not beneficiaries.
2. We believe in the potential of entrepreneurship and high-calibre leadership to be a disruptive force that can accelerate positive change.
3. Our role is to provide risk capital to support new ideas that have the potential for significant impact and scale.
4. There is no silver bullet: market-based approaches will not work in all settings and we focus on the parts of the sector where they have most potential.
5. We are an engaged funder and provide non-financial support to help our partners to succeed—this could be time and expertise of staff, trustees, experts in our network or the sector.
6. We look for opportunities and organisations that are well aligned with our philosophy, where we can add value.
7. We are flexible and aim to respond quickly to new opportunities and information as they arise.
8. We are patient and are prepared to provide long-term support to promising initiatives.

Summary of our approach



Our vision: Financially sustainable WASH enterprises delivering affordable, high quality, and reliable services that have a transformational impact on households in Africa and Asia.

We invest in enterprises working in four areas...



...and provide support in two complementary ways.

Enterprises

Direct support to up to 15 enterprises, with:

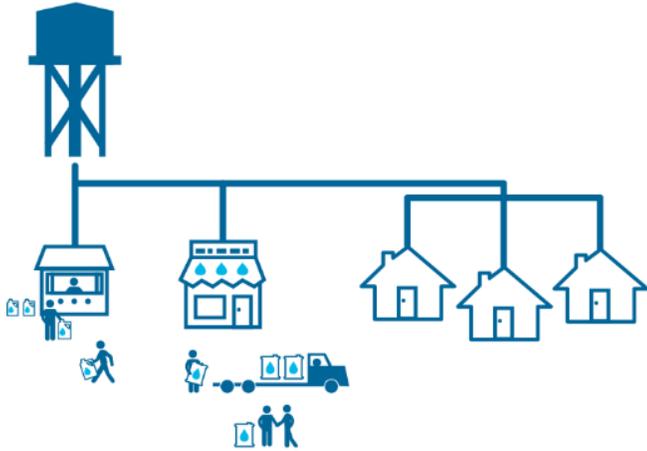
- Grants
- Investment
- Non-financial support
 - Sales and marketing
 - Fundraising and investment
 - Strategy and business models

Wider initiatives

Support to national or global initiatives benefiting multiple enterprises and the sector:

- Sales and marketing
- Access to finance
- Research and evidence
- Collaboration and coordination with other funders and investors
- Strengthening value chains and the role technology can play as an enabler

Enterprises in safe water



We support water enterprises providing clean, affordable water to customers

This includes enterprises operating decentralised water systems, delivering water through kiosks and household connections as well as through the convenience of home delivery.

Key questions for 2019

1. Can one or more enterprises demonstrate financial viability and if so, on what basis?
2. How viable are the possible pathways to scale for water enterprises – 100% enterprise, utility contract and PPP contract?
3. What are the most effective ways to drive market penetration at a station level?

Enterprises

Active portfolio



The Foundation has also directly invested in three private water operators in Cambodia.

Wider initiatives

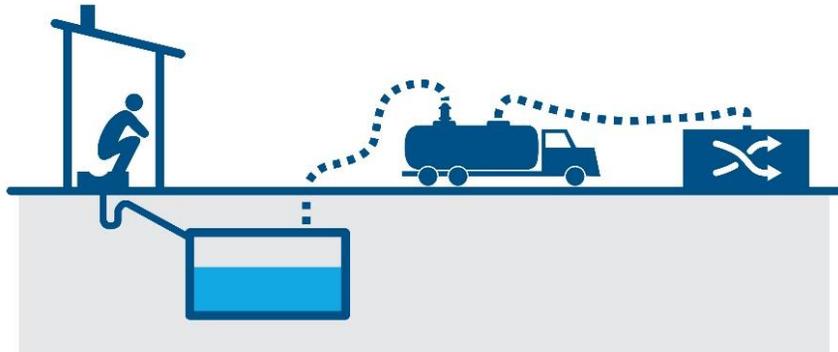
Active portfolio:

- **Cambodia piped water fund:** expanding revenue finance and non-financial support to piped operators achieve 100% coverage.
- **Water Global Practice, World Bank:** Supporting expansion of piped water services beyond the reach of municipal utilities in Cambodia.

Priorities for 2019

- **Water quality testing:** can low cost WQT approaches be included in sales and marketing approaches to increase customer uptake?
- **Review of sales and marketing approaches** across the portfolio and linkages to key drivers of operational and cost efficiencies (i.e. customer tracking)
- **Are there viable rural water point social enterprise models?**

Urban sanitation services



We support container-based sanitation (CBS) enterprises and pit emptying enterprises operating in cities and towns.

Key questions for 2019

1. How can CBS enterprises become financially sustainable?
2. How can urban sanitation enterprises scale to meet the scale of the need?
3. Are there operational and cost efficiencies treating waste on-site using low cost, effective solutions?

Enterprises

Active portfolio:

SANERGY

Loowatt
Flush with Happiness



We also support a number of other sanitation enterprises indirectly, via our strategic partnership with WSUP (see website for details).

Wider initiatives

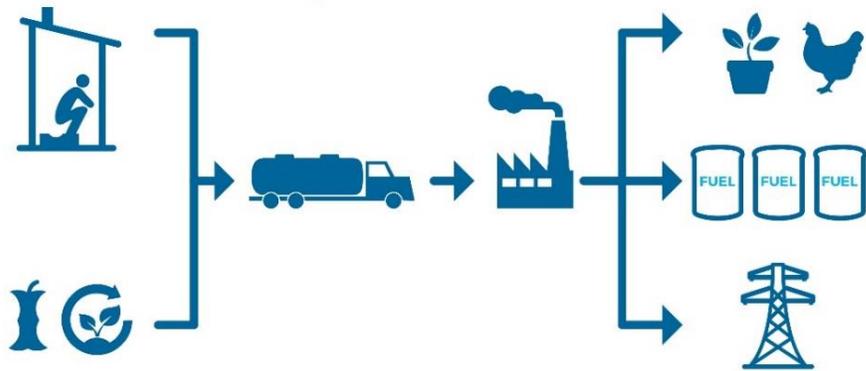
Active:

- **CBS Alliance:** Supporting this industry body to collaborate more closely and develop a strategy for helping the sector as a whole to grow.
- **Factor[E]:** Examining how technological innovation could advance the urban sanitation services sector.
- **WSUP:** Strategic partnership, with focus on developing enterprises and a research agenda.

Priorities for 2019

- **Cost effectiveness analysis of container based sanitation:** seeking to compare CBS with existing alternatives as a tool to guide decision making.
- **Exploring the potential for asset financing with WSUP:** could lease finance for exhauster trucks improve the quality of assets in local markets?

Waste to Resource



We support waste to resource enterprises that treat human waste and create added value energy and agriculture products.

Key questions for 2018

1. What is the most appropriate operating and revenue model for these enterprises to achieve financial breakeven?
2. Who are the clients for these enterprises and what is the value proposition?
3. How can these enterprises raise sufficient finance to meet their significant capex and working capital needs?

Enterprises

Active portfolio:



Priorities for 2019: We are looking to grow this portfolio during the year.

Wider initiatives

Active:

- **Factor(E):** Examining how technological innovation could advance the waste to resource sector.

Priorities for 2019

- **Selection of added value product:** how to assess the most viable added value product for waste to resources to ensure financial viability.
- **Collaboration and coordination:** Can we provide waste-to-resource businesses with a more reliable source of fecal waste by linking them to pit emptying or container-based sanitation enterprises?

Rural Sanitation in Cambodia



We support sanitation marketing programmes to increase rural access to rural latrines and sanitation services, as part of the Ministry of Rural Development's National Action Plan.

Key questions for 2018

1. What are the limits of sanitation marketing? What is needed to achieve 100% coverage?
2. How can the sector shift from latrine access to sustainable services, including safely managed waste disposal?
3. How can sanitation marketing programme attract scale finance?

Enterprises

Active portfolio:

iDE

SNV

Water
SHED
Water, Sanitation & Hygiene Enterprise Development

We are not looking for new enterprises in rural sanitation.

Wider initiatives

Active:

- **Social Finance:** Designing a Development Impact Bond for iDE's sanitation marketing programme to achieve c. 90% coverage at a provincial level.
- **Department of Rural Healthcare, Ministry of Rural Development:** Supporting the government to implement the National Action Plan II at a subnational level.
- **Water Global Practice, World Bank:** Supporting the Ministry of Rural Development to implement the National Action Plan II.